Guidelines for providing loans to various communities

483. DR. GYAN PRAKASH PILANIA: Will the Minister of FINANCE be pleased to state:

(a) the details of latest guidelines issued by Government/Reserve Bank of India to cooperative/nationalised/foreign banks in the country regarding providing loans to various sectors;

(b) whether any percentage of loan has been mandated for Scheduled Caste/ Scheduled Tribe/Other Backward Class/marginal farmers/petty artisans/Muslims;

(c) whether rate of interest has also been laid down;

(d) whether the priority sector has been redefined and the criteria fixed for new definition and sectors included therein; and

(e) how far guidelines have been followed?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (d) The guidelines on Priority Sector Lending (PSL) were revised by Reserve Bank of India (RBI) with effect from April 30, 2007. The broad categories of advances under priority Sector now include agriculture, small enterprises sector, retail trade, micro credit, education and housing.

A target of 40 per cent of Adjusted Net Bank Credit (ANBC) or credit Equivalent amount of off- Balance sheet Exposures (OBE), Whichever is higher , has been stipulated for PSL by domestic scheduled commercial banks (SCBs) and 32 per cent for foreign banks having offices in India..

The PSL targets are now calculated as a percentage of ANBC or credit equivalent amount of OBE, whichever is higher, as on March 31 of the preceding accounting year, instead of ongoing Net Bank Credit earlier. RBI master circular dated July 1, 2008 on PSL, which incorporates the revised guidelines is available on web site of RBI at *www.rbi.org.in.*

(b) In terms of master circular dated July 1, 2008 on PSL, a sub-target of 10 per cent of ANBC or credit equivalent amount of OBC, whichever is higher, has been stipulated for domestic SCBs for lending to Weaker Sections which includes small and marginal farmers with land holding of 5 acres and less, and landless labourers, tenant farmers and share croppers; artisans, village and cottage industries where individual credit limits do not exceed Rs. 50,000; beneficiaries of Swarnjayanti Gram Swarozgar Yojana, Swarna Jayanti Shahari Rozgar Yojana, Scheme for Liberation and Rehabilitation of Scavengers, and Differential Rate of Interest scheme; Scheduled Castes and Scheduled Tribes; advances to Self Help Groups; and loans to distressed poor to prepay their debt to informal sector, against appropriate collateral or group security. Further, all SCBs have been advised by RBI to ensure that fair and adequate amount is given to all the identified Minority Communities which include Muslims, while sanctioning loans under the various Government sponsored programmes.

(c) No, Sir. The interest rates on advances above Rs. 2 Lakh, granted by SCBs have been deregulated by RBI with effect from October 18, 1994. In respect of Co-operative Banks, the interest rates have been totally deregulated with effect from April 29, 2002.

(e) The overall target of 40% as on the last reporting Friday of March 2008 has been achieved by all public sector banks, 21 private sector banks and foreign banks.

Measures to reduce multiple taxation and tax compliance less cumbersome

484. SHRI PRAKASH JAVADEKAR: Will the Minister of FINANCE be pleased to state:

(a) the measures being taken by Government to reduce multiple taxation and to make compliance of tax less cumbersome;

(b) if so, the details thereof; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) The Government of India, in consultation with the State Governments, has announced introduction of a Goods and Services Tax (GST) which will subsume several of the existing taxes and will make tax compliance less cumbersome. Other measures taken to reduce multiple taxation are:

- The Banking Cash Transaction Tax (BCTT) is being discontinued w.e.f. 1.4.2009.
- The long term capital gain which is subjected to securities transaction tax (STT) has been exempted from income tax.

Further, tax compliance has been made less cumbersome by:

- Simplification of procedure, rules and regulations and increased use of automation of business process and undertaking various measures for trade facilitation like Large Taxpayers Units, Help Centre etc.
- The facility of electronic filing of tax return and electronic payment of tax has been extended to all taxpayers.
- The tax return forms have been standardized and electronic crediting of refunds has been introduced.
- The fax rates have been reduced, and tax slabs have been enhanced for voluntary compliance with less incidence of tax liability of low income groups.
- Computerization has been introduced to reduce the element of human discretion.

(c) Does not arise.